Northern Inland
Regional Development Board

SUBMISSION
NSW Parliamentary Inquiry Into Broadband in Regions

Introduction

The Role of the Regional Development Board

The Northern Inland Regional Development Board is supported by the New South Wales Department of State and Regional Development. Key Board activities include the following:

- Promoting regional economic development initiatives (and hence sustainable jobs) in regional NSW through:

  - ensuring that communities work together to attain the necessary critical mass to be competitive international investment locations;
  - marketing local government areas and regions as business locations;
  - hosting Commonwealth and State initiatives or programs which have as their aim the strengthening of the profile of non-metropolitan regions as business locations or the attraction of skilled labour;
  - co-hosting initiatives of the NSW Government aimed at attracting investment.

- Providing advice to the NSW Government and the Minister for Regional Development on important regional development issues.

- Involving all levels government in regional economic development through:

  - project partnerships;
  - providing advice to Government on local government economic development initiatives;
  - encouraging participation of local government in NSW Government regional economic development forums.

- Developing local leadership.

- Championing major investment projects.

- Promoting key initiatives to improve the region's business climate, including infrastructure.

Hosting other NSW Government business related initiatives.
Response to Terms of Reference

(a)   The availability of telecommunications (including broadband) and other technology services in rural and regional communities.

The current availability of telecommunications (including broadband) and other technology services throughout the Northern region tends to be based on previous business decisions by the predominant carrier (Telstra) which has ongoing market dominance within this region. This has meant reasonable broadband speed in the two larger urban centres of Tamworth and Armidale. However within a few kilometres in any direction from the two indicated centres, there are few opportunities for consumers to access similar broadband speeds unless they are fortunate to be connected to a minority of exchanges where high speed broadband is available due to lobbying by selected Telstra customers.

In relation to other urban centres, there appears to be similar situations to the two larger centres.

When the situation of adjoining rural areas is considered, the availability of broadband services tends to decrease in accordance with distance from the major towns.

The above situation is also reflected in regional mobile services including new technology announced this year by Telstra. The effect of recent announcements by the Federal government and other telecommunication carriers competing with Telstra is yet to be seen. However from feedback received by the Board, it appears that the OPEL proposal will be a direct copy of the Telstra system and there may not be the benefits to the Northern region as being claimed by the Federal Government and OPEL.

Satellite communications are offered by some carriers as a viable alternative to fixed line facilities. However from research carried out by this organisation, satellite facilities are expensive, limited in capacity for long term commercial use and unreliable in cloudy weather.

(b)   The benefits and opportunities for rural and regional communities of having access to telecommunications (including broadband) and other technology services.

The benefits for the Northern regional communities having access to modern communications is the ability to compete nationally and globally in market situations. Further, due to the lack of general high speed communications, many regional businesses cannot maintain appropriate business relationships in the areas of ordering replacement goods and contact with colleagues. Overseas businesses do not understand that the Northern region does not have the same broadband speeds and capacity as they have and in many cases, the local firms are limited to "dial up" facilities.

(c)   Disincentives and barriers to the provision of telecommunications (including broadband) to rural and regional communities.

The perceived lack of regional market size for telecommunication companies predominately located in major Australian cities appears to be the main problem. However, it is apparent that some regional localities due to their economic makeup and industry base are known to be currently profitable for the present predominate carrier, Telstra. The effect of competition is yet to be seen with the OPEL consortium to develop the alternative large scale telecommunications network throughout the region over the next few years.

The other barrier appears to be the lack of infrastructure which would give regional areas comparable services as metropolitan areas. Despite promises by the Federal government to meet such costs across regional Australia in the final sale of Telstra, this obligation has largely not been carried out as far as the Board is aware.

To give an example, the small community of Yetman in the North of the region earlier this year began a campaign for the installation of a mobile telephone tower to address emergency needs in the area such as vehicle accidents on the Bruxner highway without mobile coverage. In response to this problem, a meeting was called by community leaders. It was also attended by local, state, federal parliamentary representatives, government departmental managers and Telstra regional management.

Telstra management advised that the proposed tower would not return an adequate financial dividend based on the cost involved and it would be up to the community to share the capital cost of the infrastructure. After several months, an agreement was reached where State government departments and the local shire council would provide the funds not provided by Telstra and so the tower will go ahead. Again, this is an example where the previous promise regarding infrastructure funding by the Federal government has not been kept. The cost burden for telecommunications infrastructure is clearly being forced upon regional communities at a time when rural economic conditions/incomes especially for the smaller centres, are at an all time low.

(d)   The consequences for rural and regional communities of not having, or not having adequate access to telecommunications (including broadband) and other technology services, having regard to likely future industry and technological developments.

There are several consequences for rural and regional communities. The first is the resulting barrier for regional businesses to compete nationally and internationally in the competitive market place. There is an expectation from individuals and companies that regional areas will have mobile and broadband services which are compatible with their own in relation to reliability and network speed. Regional firms are offered alternatives for services by telecommunication carriers however, the cost structure for example satellite services is too expensive and in some cases unreliable due to periodic changes in the weather.

Another problem for regional firms with inadequate services is in relation to ordering of goods and services. Many metropolitan suppliers now only take orders over the internet or by e mail from businesses located in rural and regional areas. In more

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remote locations the problem is even more prominent due to the distance some businesses are located from the nearest exchange.

Limited or no access for telecommunications also means that residents are at a disadvantage socially and economically when compared to residents in metropolitan areas. There is an expectation by all sections on the community that they can have the same internet facilities and mobile services to enjoy their desired quality of life. Education opportunities and the delivery of education services are now a large part of the internet and are a feature of the majority of education institutions. If students and younger residents cannot access the required services they will move from rural and regional areas to locations where the services are available. The social and family consequences of this aspect are of concern for regional and rural areas in the short and long term.

There is a growing dependence for the majority of regional health services to be in some form, delivered electronically where critical shortages of practitioners are evident. This dependence will also be created by the reluctance of metropolitan based medical professionals to move to rural and regional areas. If telecommunications can be improved, the problem could be addressed in some form or extent.

(e)   Options for encouraging providers of telecommunications (including broadband) and other technology services to extend services to rural and regional communities.

Governments in the last fifteen years have withdrawal from the previous policies of subsidies for regional and rural services and now to a large extent rely on the delivery of those services through competitive market forces often by the private sector. In many cases, for all sorts of reasons, traditional government services have been centralised to metropolitan areas, other adjoining regions or the larger regional centres.

In addition, many private sector businesses over the same period have centralised their operations either to the larger centres, capital cities or in some cases, to a centralised interstate system.

Both the above changes have had a major effect on the populations of regional and rural areas away from the east coast with a resulting down sizing on the critical mass of people and infrastructure required to attract competitive private and government sector services.

There appears to be only two solutions under the current situation. One, governments return to the previous situation of cross subsidisation of services for regional and rural communities. This seems unlikely given current policies of state and federal governments and their parliamentary oppositions.

The second would be for several communities to come together with their local government councils and approach the challenges from a cooperative model. This may give the critical mass required to attract current and future telecommunication companies to provide the necessary services. There are several examples around the State where this model has been introduced.

The biggest challenge is to gain the cooperative spirit of adjoining communities many of which have fiercely competed with each other for development and services (up to this point in time). There could be a role for such challenges to be coordinated by regional development boards which do not have the problems of local competing forces and which operate in association with the New South Wales Government and its departments.

This Board continues to discuss this matter with the New South Wales Department of Commerce and has provided submissions and support for the department's endeavours to improve regional and rural broadband and other telecommunication facilities.

The Board also believes the State Government will be required to continue its representations to the Federal Government on opportunities to improve telecommunications in regional areas where market forces are not effective in addressing these issues.

Regions if they are to continue to be desirable alternative living areas to the major metropolitan areas must have telecommunication services which are of a comparable standard. Relocation of industry and services which physically are not required to be in a metropolitan area will not happen in regions unless the establishment of world standard telecommunications take place.

Similarly there will be a reluctance of people to relocate to regions away from the coast unless regional telecommunications west of the Great Dividing Range can be improved. This is evidenced by regional promotions to Sydney where one of the questions from potential regional residents is the availability of modern and high speed communications.

In conclusion, the Board acknowledges that in some regional areas, particularly the larger regional centres, telecommunications have or, are improving to a standard which is competitive. The challenge lies immediately outside these areas and on throughout the region where some services are non existent or severely limited.

The Board is aware that many regional Telstra exchanges have equipment installed which could introduce broadband services to areas with slower systems. For market domination reasons, Telstra will not switch on the equipment due to it then being available to competitors.

This aspect of telecommunications can only be addressed by the appropriate Federal regulation authorities and is something which the State government can now doubt bring to the attention of the relevant organisations.

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